

Major 1999 Legislative Changes



Several of the bills passed by the 1999 Legislature directly affect Nebraska's tax programs. Changes to the charitable gaming programs are not included in this notice. Contact Charitable Gaming at 402-471-5937 for more information on those changes.

Sales Tax

Prepaid Calling Cards

The retail sale of prepaid telephone calling cards, other prepaid telephone calling arrangements, and the recharge of such prepaid telephone calling arrangements are taxable. Retailers are required to collect the state and applicable city sales tax on all sales or recharges made at his or her place of business.

If the sale or recharge of the prepaid telephone calling card arrangements does not take place at the retailer's place of business, the retailer is required to collect tax at the rate in effect at the customer's shipping address if the prepaid item is shipped to the customer. If no item is shipped to the customer, the retailer must collect tax based on the customer's billing address. Operative October 1, 1999 (LB 214)

Natural Resource District

Purchases by a Nebraska natural resource district are exempt from sales and use tax. Operative October 1, 1999. (LB 232)

Mobility Enhancing Equipment

The retail sale of mobility enhancing equipment for use in either a home or motor vehicle is exempt from sales and use tax under certain conditions. In order for the equipment to be purchased exempt from tax, the following conditions must be met:

1. The mobility enhancing equipment must be primarily and customarily used to provide or increase the ability to move from one place to another place for a person required to use durable medical equipment, orthotics, or prosthetics for locomotion; and

2. The mobility enhancing equipment must be sold for a patient's use under a prescription written by a Nebraska-licensed physician.

Mobility enhancing equipment includes such items as wheel chair lifts, hand or foot controls for a motor vehicle, drop floor, raised roof, power transfer seat, and stair lifts. Persons who sell and install stair lifts in the home are contractors.

Mobility enhancing equipment does not include any motor vehicle or optional equipment or accessories on a motor vehicle normally provided by a motor vehicle manufacturer such as automatic transmissions, power steering, power brakes, or power windows. The department will issue further information on mobility enhancing equipment and the procedures for receiving the exemption. Operative October 1, 1999. (LB 280)

Income Tax

Beginning Farmer Income Tax Credit

Beginning in 2001, the owner of agricultural assets which are rented to a qualifying beginning farmer or livestock producer is allowed a refundable income tax credit equal to 5% of the gross rental income.

The credit is computed on any share-rental agreements including cash rent of an agricultural asset or cash equivalent of a share-crop rental. The credit is allowed after the owner of the assets receives approval and certification from the Department of Agriculture. Effective for tax years beginning on or after January 1, 2001. (LB 630)

Homestead Exemption

Provisions for the homestead exemption were changed for applications filed in 2000. Income eligibility levels were increased for all categories of claimants. For disabled individuals, the definition of "disabled" was changed to include any permanent physical disability that precludes locomotion without the use of mechanical aid or prostheses; or a disability of both arms in excess of 75%. For applications filed in 2001 and each year thereafter, income eligibility levels will continue to be adjusted for inflation. Operative for applications filed in 2000. (LB 179)

Miscellaneous

Economic Development Incentives

Provisions of the Employment Expansion and Investment Incentive Act (LB 270) and the Employment and Investment Growth Act (LB 775) were changed to allow leased employees to qualify for purposes of claiming credits under these acts. Temporary employees are not included as leased employees for purposes of claiming the credits. Operative for credits earned in tax years beginning on or after January 1, 1999. (LB 539)

Waste Reduction and Recycling Act

The threshold for payment of the Waste Reduction and Recycling Fee was increased from \$30,000 to \$50,000 and is imposed on **each** business location. The fee of \$25 is due when the retail sales of tangible personal property at a business location are at least \$50,000. The new provisions apply for reporting periods beginning on July 1, 1999. (LB 59)

State Purchasing Card

State agencies or other political subdivisions are authorized to implement a purchasing card program for goods and services purchased on behalf of the State. Details of the program, including the documentation necessary to support the exemption for purchases made with the card, will be made available to vendors as the program is developed. Effective May 26, 1999. (LB 113)

Property Tax

The Department of Property Assessment and Taxation was created to carry out the functions previously performed by the department's Property Tax Division. Any questions regarding property tax assessment should be directed to the local county assessor or the Department of Property Assessment and Taxation, 1033 "O" Street, Suite 600, Lincoln, NE 68508-3686. (LB 36)

Motor Fuels

Undyed diesel fuel

Undyed diesel fuel will be taxed in the same manner as gasoline; upon receipt of the fuel as opposed to on the sale of the fuel. To bring tax-free inventories of undyed diesel fuel into compliance, a floor-stock tax will be imposed upon the dealer's inventory on December 31, 1999. Operative January 1, 2000. (LB143)

Ethanol Production Credit

The production credit for ethanol has been extended to December 31, 2003. The current incentive credit of 20 cents per gallon will be reduced to 7.5 cents per gallon beginning January 1, 2001. Effective August 28, 1999. (LB 605)

FOR NEBRASKA TAX ASSISTANCE

For All Tax Programs Except Motor Fuels

Contact your regional office or call toll free *1-800-742-7474 (Lincoln residents call 471-5729).

Nebraska Department of Revenue website address: www.nol.org/revenue

SCOTTSBLUFF

Panhandle State Office Complex
4500 Avenue I, Box 1500
Scottsbluff, Nebraska 69363-1500
Telephone (308) 632-1200

GRAND ISLAND

First Federal Bank Building, Suite 460
1811 West Second Street
Grand Island, Nebraska 68803-5465
Telephone (308) 385-6067

NORTH PLATTE

Craft State Office Building
200 South Silber Street
North Platte, Nebraska 69101-4219
Telephone (308) 535-8250

NORFOLK

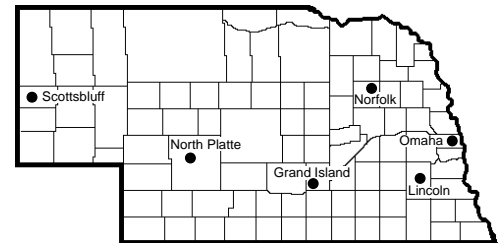
304 North 5th Street, Suite "D"
Norfolk, Nebraska 68701-4093
Telephone (402) 370-3333

OMAHA

Nebraska State Office Building
1313 Farnam-on-the-Mall
Omaha, Nebraska 68102-1871
Telephone (402) 595-2065

LINCOLN

Nebraska State Office Building
301 Centennial Mall South
Lincoln, Nebraska 68509-4818
Telephone (402) 471-5729



For Motor Fuels tax programs only call toll free 1-800-554-3835 (Lincoln residents call 471-5730).

Hearing-impaired individuals may call the Text Telephone (TT) at 1-800-382-9309. TDD (Telecommunications Device for the Deaf) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.

* Toll free from within the continental United States.